



STUDY: US Carbon Tax Would Devastate Economy And Not Change Temp

Andrew Follett

October 17, 2016

Newly proposed carbon taxes would devastate the U.S. economy while doing nothing to reduce projected global warming, according to a new study published by scientists at the libertarian Cato Institute.

Researchers found that carbon taxes cause considerably more economic damage than generic taxes do and disproportionately target the poor, so even a revenue-neutral carbon tax would probably reduce economic growth while doing little to fix global warming.

“There are all sorts of things wrong with a carbon tax, but primarily, it does little to nothing to limit carbon dioxide [CO₂] emissions to the extent necessary to have any appreciably [sic] impact on the future course of the earth’s climate, and it produces a net drag on the economy,” Chip Knappenberger, a climate scientist at Cato who was involved in the study, told The Daily Caller News Foundation.

Only **four nations** — Ireland, Sweden, Chile, and Finland — actually have carbon taxation today. The largest economy to ever have a carbon tax, Australia, **repealed it in 2014** over concerns it was harming the economy. No country **taxes CO₂ emissions** at the levels deemed necessary to substantially mitigate global warming as defined by the Intergovernmental Panel on Climate Change (IPCC). The study found that even the most well regarded carbon taxes haven’t done much to actually reduce CO₂ emissions.

“When we look at conditions in the real world—including our existing tax structure—the imposition of a carbon tax will lead to higher costs and no climate gains,” Knappenberger continued. “A revenue-neutral carbon tax which replaces the myriad of federal regulations seeking to limit greenhouse gas emissions is sometimes pitched as a climate change mitigation policy that ‘conservatives’ can get behind. We show that it isn’t—either in theory or in practice.”

Critics have said carbon taxation **disproportionately harms** the poorest members of society. A 2009 **study by** the National Bureau of Economic Research found that a carbon tax would double the tax burden of the poorest households, making it effectively impossible to have both a carbon tax and a living wage. A tax on all man-made greenhouse gas emissions would make the tax burden of the poorest households three times greater than that of the richest households, according to the study. A non-revenue neutral carbon tax in the U.S. would impose a net tax hike of **at least \$695 billion in its first 20 years.**

The amount spent globally to meet global CO2 emissions reduction goals **could be as high as \$16.5 trillion** between now and 2030, when energy efficiency measures are included, **according to projections from the International Energy Agency.** To put these numbers in perspective, the U.S. government is just over **\$19 trillion in debt** and **only produced \$17.4 trillion in gross domestic product in 2014.**

“Climate activist groups neither support revenue neutrality (they want the money collected through a carbon tax to be used to support other green initiatives) nor do they offer any concessions on regulations (rather they see a carbon tax as another tool in their efforts to fight fossil fuels),” Knappenberger concluded. “Consequently, a carbon tax will result in higher energy costs and slow the economy. While this may sound like a win-win in some circles, it should send conservatives running for the hills.”

President Barack Obama’s Clean Power Plan to fight alleged global warming would increase the cost of living for the poorest American families an additional \$19 billion per year, equivalent to increasing their taxes by 166 percent, another **study by the Manhattan Institute** estimates. The tax increase would also raise taxes on other poor families by an extra \$25 billion, equal to a 33 percent tax increase. Living costs for the richest households would only increase by 4 percent.

Models created by the Environmental Protection Agency (EPA) and utilized by the Cato Institute show that the Clean Power Plan would only prevent an additional 0.019° Celsius of warming by the year 2100, **an amount so small it cannot be detected.**